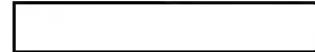


Secret

DIRECTORATE OF
INTELLIGENCE

Central Intelligence Bulletin

Secret

No 42

13 August 1971

State Department review completed

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Approved For Release 2004/04/19 : CIA-RDP79T00975A019700110001-1

Approved For Release 2004/04/19 : CIA-RDP79T00975A019700110001-1

~~SECRET~~No. 0193/71
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PAKISTAN-INDIA: Islamabad is showing increased concern over rising tensions on the subcontinent.

In a confidential letter to the current president of the UN Security Council, Italian delegate Vinci, the Pakistanis propose that a "good offices committee" of Council members "visit both countries, especially areas of present tension, with a view to defusing the threatening situation." Vinci has circulated the letter to the other representatives on the Council and will soon begin consultations on the proposal.

The Soviets in particular are likely to take umbrage at the anti-Indian language in the Pakistani letter and to oppose the formation of such a committee. For its part, New Delhi has repeatedly taken the position that any "even-handed" UN action--such as a visit to both countries--would not be acceptable. The Indians believe this would tend to emphasize the bilateral nature of the dispute whereas, in their eyes, the real dispute is between Islamabad and the dissidents in East Pakistan.

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SYRIA-JORDAN: Syria broke relations with Jordan yesterday and closed its air space to Jordanian planes following cross-border clashes on 11 and 12 August.

The Syrians have charged that a small Jordanian patrol--two tracked vehicles and one jeep--crossed less than a mile into Syrian territory on Wednesday and killed a Syrian at an observation post. In addition, troops from the two sides traded fire across the border yesterday; the Syrians say they have destroyed four Jordanian tanks, but this claim is very likely an exaggeration. The Jordanians deny any losses and claim to have knocked out several Syrian tanks.

Incidents across the border are frequent. Units of the Palestine Liberation Army are regularly stationed near the Syrian border town of Daraa, and some Syrian Army units were moved to the border area last month, possibly to keep the fedayeen troops under control. The Jordanians, on their side, have concentrated troops as a defense against any fedayeen incursions. Fedayeen firing across the border has been met by Jordanian shelling in reprisal, and each side has strayed into the other's territory on occasion.

Syria's motives for publicizing the recent incidents and then using them as an excuse for stern measures against Jordan are unclear. The Syrians may be trying to refurbish their pro-Palestinian credentials by taking a stronger line against Jordan, particularly because Syria's previous attitude of quiet cooperation with Jordan has become more widely known. The timing may be related to current efforts to mediate between the Jordanian Government and the fedayeen. A two-man Egyptian-Saudi negotiating team is now in Amman with a six-point peace plan--blessed by Cairo--that gives the fedayeen virtually nothing, although it pays lip service to previous agreements "guaranteeing" them some freedom of activity. The Syrians may hope to one-up the Egyptians. [redacted]

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SYRIA-USSR-SUDAN: Syria is evidently attempting to play a mediatory role between Sudan and the USSR.

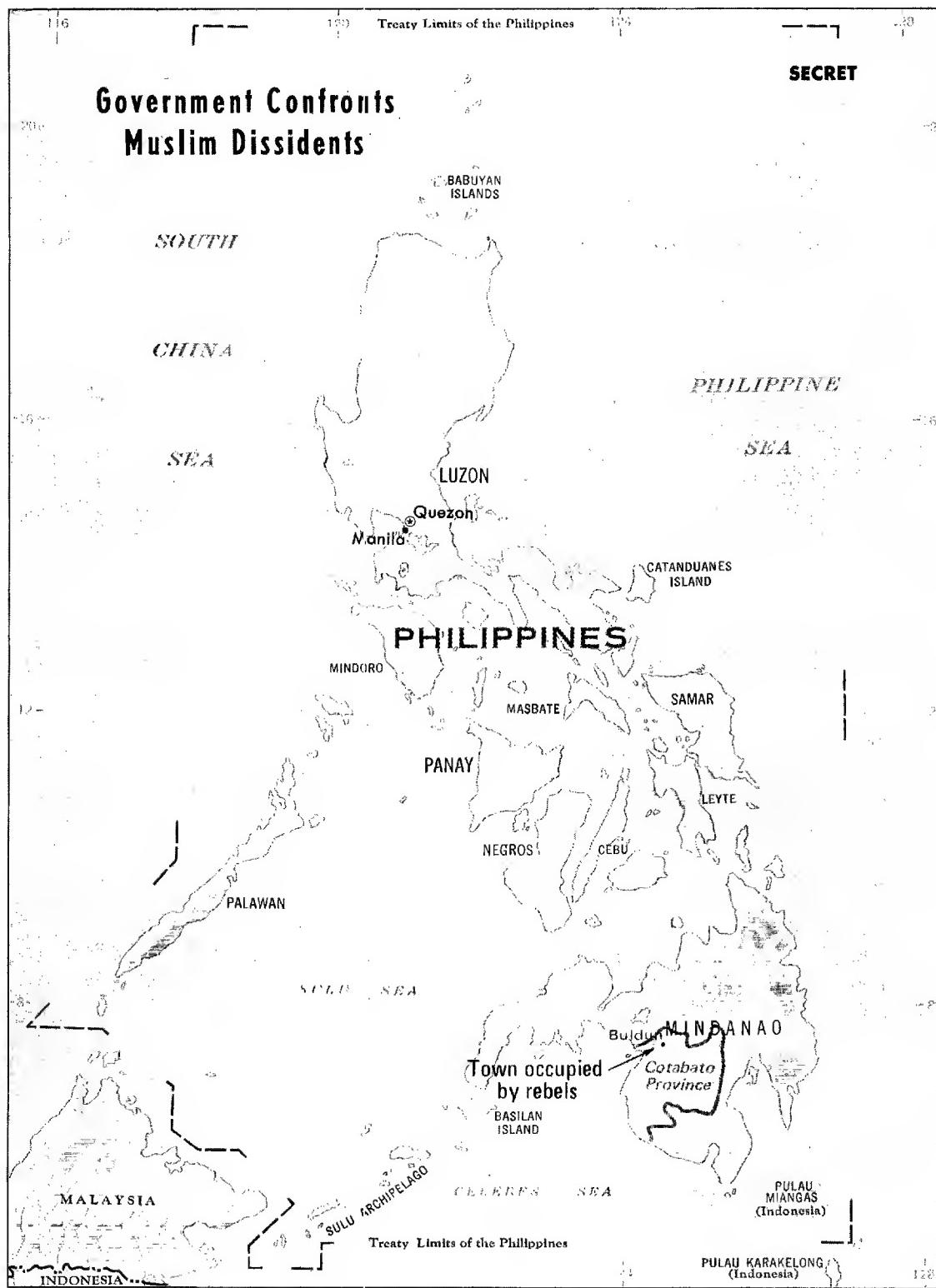
The Syrian vice president and the foreign minister arrived in Khartoum on Wednesday after spending two days in the USSR discussing the current situation in the Middle East. The Syrian officials had met with First Deputy Foreign Minister Kuznetsov and with the Soviet party secretary responsible for relations with the nonruling Communist parties. The timing of the visits strongly suggests that the Syrians, at Moscow's behest, are trying to dampen current Soviet-Sudanese tensions that have threatened not only to rupture Khartoum's relations with Moscow but to sour Soviet relations throughout the Middle East.

Sudanese Prime Minister Numayri is sensitive over the Syrian visit and has denied that it constitutes "mediation" between the USSR and the Sudan. After the first Sudanese-Syrian discussions yesterday, however, the Sudanese deputy premier said that Khartoum is "prepared to take positive steps" to improve relations with the USSR, and praised the Soviet stand supporting the Arab states against Israel.

A Soviet Government minister in Moscow recently told an Arab visitor that the USSR is also looking to Egypt to play a role in improving Soviet relations with the Sudan. The Egyptian press recently has started to follow the Soviet lead that Soviet-Sudanese tensions can only divide the Arab world and result in a lessening of Soviet aid.

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PHILIPPINES: The government's increasing difficulties in coping with Muslim dissidents on the southern island of Mindanao could create significant domestic and international problems for Manila.

Long-standing communal tensions between Filipino Muslims and Christian settlers have been particularly acute this year in Cotabato Province on Mindanao. The situation has taken on a new dimension with a confrontation between government troops and dissidents associated with the separatist Mindanao Independence Movement. Government forces have been unable to dislodge a sizable dissident force occupying a major provincial town.

Manila has moved in artillery and augmented its forces for a possible all-out push, but it might still be at a disadvantage in view of the outlaws' familiarity with the terrain. In hopes of avoiding a showdown, the rebels have been given until Sunday to surrender, and the government has suspended military operations to encourage them to lay down their arms.

President Marcos planned to fly to Cotabato yesterday, presumably to accept the rebels' surrender personally. This would be a political boost for him and his Nacionalista Party in November's congressional elections, as he has committed himself to calming tensions in Cotabato. These particular dissidents appear to be an unusually obstreperous lot, however, and it remains to be seen whether they will come to terms.

A worsening of the situation could cause complications in Manila's relations with Muslim countries.

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MALAGASY REPUBLIC: President Tsiranana may bring former vice president Resampa to trial on charges of "espionage and subversion."

In a speech this week in Resampa's home region in the south, Tsiranana openly charged him with complicity in fomenting the bloody revolt that erupted in that part of the island last April. It now appears that Resampa, who has been detained since June on another charge, will be tried together with Monja Jaona, the leader of the insurgents. The new charge against Resampa enables Tsiranana to save face by pinning the embarrassing revolt on the discredited vice president, although it was in fact largely the result of government neglect and exploitation of the people of the south.

Tsiranana may now be inclined to drop or play down the earlier charge that Resampa had plotted against the government in concert with an unnamed foreign power. Tsiranana barely mentioned this in his speech. He may believe that he cannot afford to permit Resampa to be brought to trial and present a public defense against an allegation that the President has so far not been willing to substantiate.

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TRINIDAD-TOBAGO: Attempts have been made this week on the lives of two key figures in government action against mutineers of the local military regiment.

Captain David Bloom, commander of the Trinidad and Tobago Coast Guard, was shot and seriously wounded on 10 August. Police believe the attack is directly related to the prominent role Bloom played in the suppression of the mutiny in the Trinidad and Tobago Regiment in April 1970. A private from the regiment, whom police suspect of having ties to the black power movement in the regiment and to the civilian black radical movement as well, has been detained.

A few hours after the attack on Bloom, Theodore Roosevelt Guerra, a barrister who has been prominently involved in the prosecution in three court-martials that have dealt with the regiment's mutineers, was also wounded. Prime Minister Eric Williams has taken a personal interest in the affair and informed the Ministry of National Security and the police that he expects an early solution.

While it is uncertain what effect these shootings will have over the long term, local nervousness has been heightened and additional pressure has been heaped upon a police force already beset by an up-surge in crime in recent weeks.

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PARAGUAY: The government is reportedly considering several moves, including a prisoner exchange with Cuba, to improve its image.

President Stroessner, already looking forward to an easy re-election in 1973, apparently will attempt to play down his regime's repressive reputation. A deal for the exchange of about 40 political prisoners--some of whom have been held for more than ten years--for a like number of Cuban political prisoners awaits only final agreement from the Castro government. Earlier exchange attempts, usually initiated by Cuban exiles, have failed. Castro, however, may see the Paraguayan offer as an opportunity to display a more reasonable posture and so encourage efforts by Chile and others to normalize Cuba's relations in Latin America.

As a follow-up to an exchange the administration is also considering lifting the state of siege that has been in force in Paraguay since 1940. Another possible move toward liberalization would be the recognition of the small Christian Democratic Party, whose application for inscription has previously been turned down.

The opposition represents no threat to the entrenched Stroessner government, which has been in power since 1954, and the measures under consideration would involve little political cost and could provide tangible political gain. The lifting of the state of siege would deprive the opposition of a highly visible target for its charges of repression. In addition, the Church, whose relations with the government have been strained by a series of incidents over the past year, would probably have to applaud such action and some improvement in relations might result. Whatever "democratization" occurs, however, politics will still be conducted on Stroessner's terms and there will be little leeway for effective opposition. [redacted]

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YUGOSLAVIA: Amended joint investment laws, which go into effect today, will significantly improve the climate for foreign investment.

The key amendment is the abolition of the requirement that the foreign partner reinvest 20 percent of annual profits after taxes. Other amendments should also prove attractive to prospective foreign investors. They include explicit guarantees of the right to expatriate capital if a contract expires or is mutually canceled and the guarantee that no subsequent laws or regulations can alter joint investment contracts. The government still retains the right, however, to apply certain restrictive guidelines in approving or rejecting these contracts.

Although the amendments remove most of the legal deterrents to joint investments, the main obstacle is Yugoslavia's chronic economic instability. The current atmosphere--rampant inflation coupled with ineffective government efforts to restore economic order--may incline prospective investors to wait for improved economic conditions. Furthermore, foreign investors may continue to find the large measure of worker participation in factory management a bar to concluding contracts. [redacted]

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ARAB FEDERATION: A Sudanese delegation reportedly will join the leaders of Egypt, Libya, and Syria at a planning meeting of the proposed Federation of Arab Republics (FAR) now scheduled for next Wednesday. These sessions are intended to iron out the provisions of the constitution and the basic principles of the planned grouping. Although Sudanese observers have attended previous FAR planning meetings, the attendance of high-level officials would suggest that the prospects for Sudanese participation in the federation have improved.

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TURKEY: Martial law authorities have put 83 persons, including 69 from the military, on trial for plotting a leftist revolution last spring. The prosecutor's brief alleged that leftists had planned to bomb strategic sites in Ankara, establish a "Red Guard," and "had time been ripe, would have turned Turkey into another Vietnam." Forty-one of the accused face a possible death penalty, while the others could receive jail sentences up to 15 years if convicted. The initial reaction in Istanbul, where the large number of military personnel among the accused has caused deep concern, is that the trial may become a "showcase" and drag on for months, even years. It is probably designed largely to lend credence to military claims last March that intervention was necessary in part to forestall a leftist-oriented coup.

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AUSTRALIA: Prime Minister McMahon's removal of the controversial defense minister, John Gorton, should further strengthen his hold on both the cabinet and the Liberal Party. Gorton's dismissal, however, closely follows the ouster of former foreign minister Bury and thus projects a public image of party divisiveness which could redound to the benefit of the opposition Labor Party. Gorton, one of McMahon's chief political rivals, largely precipitated the action against himself by publishing a highly critical article concerning cabinet ministers past and present.

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